

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA

DOCKET NO. 2001-366-C - ORDER NO. 2001-1104

DECEMBER 13, 2001

IN RE: Application of TeleCents Communications, Inc. for a Certificate of Public Convenience and Necessity to Provide Resold and Facilities-based Local Exchange Telecommunications Services in the State of South Carolina and for Flexible Regulation.	)	ORDER GRANTING CERTIFICATE FOR LOCAL SERVICES AND FOR FLEXIBLE REGULATION
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This matter comes before the Public Service Commission of South Carolina (the "Commission") by way of the Application of TeleCents Communications, Inc. ("TeleCents") or the "Company") requesting a Certificate of Public Convenience and Necessity to provide resold and facilities-based local exchange telecommunications services in the State of South Carolina. In addition, the Company requests that the Commission regulate its local service in accordance with the principles and procedures established for flexible regulation by Order No. 98-165 in Docket No. 97-467-C. The Company's Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 2000) and Section 253 of the Telecommunications Act of 1996.

By letter, the Commission's Executive Director instructed TeleCents to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the areas affected by the Application. The proposed Notice of Filing was to inform interested parties of the manner and time in which to file the appropriate pleadings for participation in the proceedings. TeleCents complied with this instruction and provided the Commission with proof of publication of the

Notice of Filing. A Petition to Intervene was received from the South Carolina Telephone Coalition ("SCTC") on October 2, 2001.

On October 31, 2001, counsel for SCTC filed with the Commission a Stipulation in which TeleCents stipulated that it would seek authority in non-rural local exchange ("LEC") service areas of South Carolina and that it would not provide any local service to any customer located in a rural incumbent's service area, unless and until TeleCents provided written notice of its intent prior to the date of the intended service. TeleCents also stipulated that it was not asking the Commission to make a finding at this time regarding whether competition is in the public interest for rural areas. TeleCents agreed to abide by all State and Federal laws and to participate to the extent that it may be required to do so by the Commission in support of universally available telephone service at affordable rates. The SCTC withdrew its opposition to the granting of a statewide Certificate of Public Convenience and Necessity to TeleCents to provide local services provided the conditions contained in the Stipulation are met. The Stipulation was entered into the evidence of the hearing, and the Staff requested that the Stipulation be approved by the Commission. The Stipulation is approved and attached as Order Exhibit 1.

A hearing was commenced on November 29, 2001, at 2:30 p.m., in the Commission's Hearing Room. The Honorable William Saunders, Chairman, presided. TeleCents was represented by Scott A. Elliott., Esquire. Adelaide D. Kline, Staff Counsel, represented the Commission Staff. Mark J. Lauzon, Vice President of TeleCents Communications, Inc., appeared and testified on behalf of the Company.

Mark Lauzon testified that he oversees the day to day operations of the Company with special attention to the sales and marketing departments. According to the record, TeleCents is a

Michigan corporation, formed on April 7, 1997, and authorized under the laws of the State of South Carolina to transact business in this state. The Company is headquartered in Walled Lake, Michigan. The record further reveals that TeleCents was granted authority to provide long distance services in South Carolina on December 14, 2000 in Order No. 2000-1009, Docket No. 2000-231-C. Mr. Lauzon offered that TeleCents is certificated to provide long distance services in all forty-eight contiguous states. He said the Company is certificated to offer local exchange services in thirteen states. Mr. Lauzon said his Company primarily offers prepaid debit cards and has a dozen customers in South Carolina. He explained that customers are distributors who sell the Company's prepaid debit cards to outlets such as convenience stores.

Mr. Lauzon stated that TeleCents has no immediate plans to provide local exchange service in South Carolina. He said the Company's business plan calls for them to become certified to offer local services in all fifty states and anticipates it would be providing local services in South Carolina at some time in the future. When TeleCents does begin to provide local exchange service in South Carolina, the record reveals that the Company will primarily resell the facilities and services of BellSouth. At that time, TeleCents plans to provide voice and high speed data services through a combination of the latest technology switching and transport media comprised of the Lucent Technology 5 ESS Generic 13 switch module, ADSL/SDSL transport and Internet service equipment and the latest Optical multiplexer DAC's configurations. These services will be delivered over a combination of delivery mechanisms through incumbent local carriers' unbundled loop network, both copper and fiber and transport networks, as well as via TeleCents's constructed facilities.

Mr. Lauzon addressed TeleCents's managerial, financial, and technical ability to provide local exchange telecommunications services in South Carolina. He testified that TeleCents's senior management team is highly skilled with considerable experience in the telecommunications industry. Mr. Lauzon said TeleCents's management team has developed innovative marketing strategies. Mr. Lauzon discussed the experience of the other key management team members. He said that Jeffrey P. Lauzon is the President and Chief Executive Officer (CEO) of TeleCents Communications, Inc. The record reveals that Jeffrey Lauzon began working in the telecommunications industry in 1993 under the name of Pulse Communications as a reseller of pre-paid calling cards. Pulse Communications acted as an independent representative for many card companies, selling cards throughout the United States. Pulse Communications became TeleCents Communications, Inc. in 1997 and co-located with AT&T Communications in their switch facilities located in Southfield, Michigan. Mark Lauzon began working in the telecommunications industry in 1992 as an independent representative/reseller of pre-paid calling cards. He represented several companies and distributed cards throughout the United States. Mark Lauzon joined TeleCents Communications, Inc. in 1997 as a sales representative. He became sales manager in 1998 and is currently the Company's Vice President. According to Mr. Lauzon's testimony and the record, Cynthia Brown is Corporate Secretary and Office Manager for TeleCents Communications, Inc. He testified she brings twenty-three years experience in sales, management, consulting and office administration to this Company. She joined TeleCents in 1999. Ms. Brown maintains all inventory records, processes orders and directly supports the sales and customer service departments at TeleCents. She also serves as

assistant to the CEO, Jeffrey Lauzon. Mr. Lauzon testified that John Allen will be the Company's regulatory contact person. He can be reached at (248) 366-7777, Extension 109.

As to TeleCents's technical expertise to provide the proposed resold local services within the State of South Carolina, Mr. Lauzon testified that TeleCents has been in the interexchange telecommunications business in most of the United States for a number of years. He said TeleCents will also rely upon the technical expertise and telecommunications experience of its underlying carriers. When TeleCents does begin to provide local exchange services in South Carolina, Mr. Lauzon stated they will use unbundled network elements and services purchased from BellSouth and other incumbent local exchange providers, where applicable, to provide service through TeleCents's facilities.

The record reveals that TeleCents will bill its customers directly. The Company's name, address and toll-free telephone number will appear on the bill. Additionally, the Company will operate a customer service department. Mr. Lauzon testified that the toll-free telephone number is (800) 899-8555. Mr. Lauzon said that the toll-free customer service number is available from 9:00 a.m. until 12:00 p.m. midnight, Eastern Standard Time, Monday through Friday. He said for now a voice mail box will accept customer service calls after those hours with a return call the next business day. He further said the Company is in the process of providing customer service on a twenty-four hour basis. The record reveals that TeleCents will engage in direct mail, television and radio advertising to notify South Carolina residents that its services are available. TeleCents will target the residential market in South Carolina. Mr. Lauzon further testified that customers must execute a Letter of Authorization in order for TeleCents to become their local service provider; additionally, TeleCents uses third party verification. According to Mr.

Lauzon's testimony, TeleCents does not intend to engage in telemarketing; the Company is aware of the Commission's marketing guidelines. Mr. Lauzon stated that Cynthia St. Louis will head the Company's customer service department. She can be reached at the Company's toll-free number (800) 899-8555. Mr. Lauzon stated that TeleCents has eleven employees and will do its own billing.

Regarding the Company's financial ability to offer telecommunications services in South Carolina, Mr. Lauzon testified that TeleCents's financial ability has been evidenced by its financial statements that were submitted with the Application. He said that TeleCents has been profitable since its inception. He said the Company currently receives revenue from providing approximately forty million minutes per month. He said the Company has no debt obligations and has increasingly shown earnings growth. Further, Mr. Lauzon stated that Cynthia St. Louis will serve as the Company's financial contact person.

In addition, TeleCents requested that the Commission regulate its local exchange telecommunications services under the flexible regulatory treatment approved by Order No. 98-165 in Docket No. 1997-467-C. Specifically, TeleCents requested that the Commission adopt for TeleCents a rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels. Further, TeleCents requested that its tariff filings be presumed valid upon filing, subject to the Commission's right within thirty (30) days to institute an investigation of the tariff filings, in which case such tariff filings would be suspended pending further Order of the Commission, and that any tariff filing will be subject to the same monitoring process as similarly situated competitive local exchange carriers. TeleCents asks that it be exempt from any rules or regulations that would require it to keep its financial records in

conformance with the Uniform System of Accounts. TeleCents seeks to maintain its books of accounts in accordance with the Generally Accepted Accounting Principles (GAAP). Additionally, the Company seeks a waiver of 26 S.C. Code Ann. Regs. 103-631 (1976 & Supp. 2000) so that it will not be required to publish local exchange directories. TeleCents will contract with at least one incumbent local exchange carrier for the inclusion of TeleCents's CLEC data base into the master customer data base of the local exchange carrier. The Company also seeks waiver of 26 S.C. Code Ann. Regs. 103-610 (1976 & Supp. 2000) so that TeleCents can maintain its records outside of South Carolina. The Company wishes to maintain its books and records at its headquarters in Walled Lake, Michigan.

Mr. Lauzon stated he was familiar with the Commission Staff's recommended changes to the tariff and confirmed that the Company would be willing to make all of the suggested changes to its final tariff. In addition, Mr. Lauzon agreed to provide the Company's email address and telephone number on the bottom of each page of the Final Tariff. The testimony reveals TeleCents' presence in South Carolina as a telecommunications service provider will have a positive effect on the public interest. Upon receiving certification from the Commission, Mr. Lauzon testified TeleCents will abide by and comply with the Commission's rules and regulations and Commission Orders in its operations in South Carolina. Further, the testimony reveals TeleCents has never had an application for a certificate of public convenience and necessity denied. He agreed to file a copy of TeleCents's Bill Form with the final Tariff as required by 26 S.C. Code Ann. Regs. 103-612.2 and 103-622.1 (1976). Mr. Lauzon also confirmed that TeleCents would file the necessary financial reports by the deadlines set by the

Commission. Finally, Mr. Lauzon testified TeleCents had not provided any intrastate telecommunications services within the State of South Carolina.

Upon consideration of the application and the record from the hearing, the Commission makes the following findings of fact and conclusions of law:

**FINDINGS OF FACT**

1. TeleCents is organized as a corporation organized under the laws of the State of Michigan and has received a certificate from the South Carolina Secretary of State to transact business within South Carolina.

2. TeleCents wishes to provide local exchange services within the State of South Carolina.

3. The Commission finds that TeleCents possesses the technical, financial, and managerial resources sufficient to provide the service requested. S.C. Code Ann. §58-9-280(B)(1) (Supp. 2000).

4. The Commission finds that TeleCents' "provision of service will not adversely impact the availability of affordable local exchange service." S.C. Code Ann. §58-9-280(B)(3) (Supp. 2000).

5. The Commission finds that TeleCents will support universally available telephone service at affordable rates. S.C. Code Ann. §58-9-280(B)(4) (Supp. 2000).

6. The Commission finds that TeleCents will provide services which will meet the service standards of the Commission. S.C. Code Ann. §58-9-280(B)(2) (Supp. 2000).



7. The Commission finds that the provision of local exchange service by TeleCents “does not otherwise adversely impact the public interest.” S.C. Code Ann. §58-9-280(B)(5) (Supp. 2000).

### **CONCLUSIONS OF LAW**

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to TeleCents to provide competitive intrastate local exchange services within the State of South Carolina. The terms of the Stipulation between TeleCents and the SCTC (attached hereto as Exhibit 1) are approved and adopted as a portion of this Order. Any proposal to provide local services to rural service areas is subject to the terms of the Stipulation. In accordance with the Stipulation, TeleCents may not provide any local service to a customer located in a rural incumbent LEC’s service area, unless or until TeleCents provides such rural incumbent LEC and the Commission, written notice of its intent to do so at least thirty (30) days prior to the date of the intended service. During such notice period, the rural incumbent LEC will have the opportunity to petition the Commission to exercise all rights afforded it under Federal and State law. The Commission may suspend the intended date for service in rural LEC territory for ninety (90) days while it conducts any proceeding incident to the Petition or upon the Commission’s own Motion, provided that the Commission can further suspend the implementation date upon a showing of good cause. It is specifically provided that all rights under Federal and State law are reserved to the rural incumbent LECs, and this Order in no way suspends or adversely affects such rights, including any exemptions, suspensions, or modifications as they may be entitled. If, after notice from TeleCents that it intends to serve a customer located in a rural incumbent LEC’s service area, and the Commission receives a

Petition from the rural incumbent LEC to exercise its rights under Federal or State law, or if the Commission institutes a proceeding of its own, no service may be provided by TeleCents in a rural incumbent LEC's service area pursuant to this Order without prior and further Commission approval.

2. TeleCents shall file, prior to offering local exchange services in South Carolina, its final tariff of its local service offerings conforming to all matters discussed with Staff and comporting with South Carolina law in all matters. TeleCents' local telecommunications services shall be regulated in accordance with the principles and procedures established for flexible regulation first granted to NewSouth Communications by Order No. 98-165 in Docket No. 97-467-C.

Specifically, the Commission adopts for TeleCents' competitive intrastate local exchange services a rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels that will have been previously approved by the Commission. Further, TeleCents' local exchange service tariff filings are presumed valid upon filing, subject to the Commission's right within thirty (30) days to institute an investigation of the tariff filing, in which case the tariff filing would be suspended pending further Order of the Commission. Further, any such tariff filings will be subject to the same monitoring process as similarly situated competitive local exchange carriers.

3. TeleCents shall resell the services or lease the facilities of only those companies authorized to provide telecommunications services in South Carolina by this Commission.

4. TeleCents shall conduct its business in compliance with Commission decisions and Orders, both past and future, including but not limited to, any and all Commission decisions which may be rendered in Docket No. 96-018-C regarding local competition.

5. TeleCents shall file annual financial information in the form of annual reports and gross receipt reports as required by the Commission. The annual report and the gross receipt report will necessitate the filing of intrastate information. Therefore, TeleCents shall keep such financial records on an intrastate basis as needed to comply with the annual report and gross receipt filings. The form the Company shall use to file annual financial information with the Commission can be found at the Commission's web site at [www.psc.state.sc.us/forms](http://www.psc.state.sc.us/forms). This form is entitled "Annual Report for Competitive Local Exchange Carriers". Additionally, pursuant to the Commission's regulations, the Company shall file a CLEC Service Quality Quarterly Report with the Commission. The proper form for this report is Form #110 and can be found at [www.psc.state.sc.us/forms/default.htm](http://www.psc.state.sc.us/forms/default.htm).

6. Title 23, Chapter 47, South Carolina Code of Laws Ann., governs the establishment and implementation of a "Public Safety Communications Center," which is more commonly known as a "911 system" or "911 service." Services available through a 911 system include law enforcement, fire, and emergency medical services. In recognition of the necessity of quality 911 services being provided to the citizens of South Carolina, the Commission hereby instructs TeleCents to contact the appropriate authorities regarding 911 service in the counties and cities where the Company will be operating. Contact with the appropriate 911 service authorities is to be made before beginning telephone service in South Carolina. Accompanying this Order is an information packet from the South Carolina Chapter of the National Emergency

Number Association ("SC NENA") with contact information and sample forms. The Company may also obtain information by contacting the E911 Coordinator at the Office of Information Resources of the South Carolina Budget and Control Board. By this Order and prior to providing services within South Carolina, TeleCents shall contact the 911 Coordinator in each county, as well as the 911 Coordinator in each city where the city has its own 911 system, and shall provide information regarding the Company's operations as required by the 911 system.

7. The Company shall, in compliance with Commission regulations, designate and maintain authorized utility representatives who are prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission in writing the names of the authorized representatives to be contacted in connection with general management duties as well as emergencies which occur during non-office hours.

TeleCents shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. The form the Company shall use to file this authorized utility representative information can be found at the Commission's website at [www.psc.state.sc.us/forms](http://www.psc.state.sc.us/forms). This form is entitled "Authorized Utility Representative Information." Further, the Company shall promptly notify the Commission in writing if the representatives are replaced. TeleCents shall also file with the Commission a copy of its general Bill Form as required by S.C. Code Regs. 103-612.2 and 103-622 (1976 and Supp. 2000).

8. TeleCents shall file annually the Intrastate State Universal Service Fund (USF) worksheet due August 15 for calendar and fiscal year ending companies.

9. TeleCents requested waivers from certain Commission regulations and requirements. Specifically, TeleCents requested waivers from (1) the requirement found in Rule 103-631 to publish and distribute local exchange directories, (2) the requirement found in Rule 103-612.2.3 regarding the filing of operating area maps, and (3) the requirement found in Rule 103-610 that all books and records be kept within the State of South Carolina. The Company also requested permission to exempt it from any requirement to maintain books and records in compliance with the USOA. The Commission grants the request for waiver from the requirement to publish directories as TeleCents has indicated that it will contract with the incumbent local exchange company to include the customers of TeleCents in the directory listing of the ILEC directory. The Commission also grants a waiver of Regulation 103-612.2.3 which requires a company to file a map or maps showing its certificated area and/or exchange service area(s). The Commission grants the Company's request to keep its books and records at its headquarters in Walled Lake, Michigan. Further, the Commission grants TeleCents' request that it be allowed to keep its books and records in accordance with GAAP rather than the USOA.

10. TeleCents is directed to comply with all Commission regulations, unless a regulation is specifically waived by the Commission.

11. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

  
Chairman

ATTEST:

  
Executive Director  
(SEAL)

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA

*filed 10/31/01*

Docket No. 2001-366-C

Re: Application of TeleCents Communications, )  
Inc. for a Certificate of Public Convenience )  
and Necessity to Provide Resold and Facilities- )  
Based Local Exchange Telecommunications )  
Services in the State of South Carolina )  
\_\_\_\_\_ )

**STIPULATION**

The South Carolina Telephone Coalition ("SCTC") (see attachment "A" for list of companies) and TeleCents Communications, Inc. ("TeleCents") hereby enter into the following stipulations. As a consequence of these stipulations and conditions, SCTC does not oppose TeleCents's Application. SCTC and TeleCents stipulate and agree as follows:

1. SCTC does not oppose the granting of a statewide Certificate of Public Convenience and Necessity to TeleCents, provided the South Carolina Public Service Commission ("Commission") makes the necessary findings to justify granting of such a certificate, and provided the conditions contained within this stipulation are met.

2. TeleCents stipulates and agrees that any Certificate which may be granted will authorize TeleCents to provide service only to customers located in non-rural local exchange company ("LEC") service areas of South Carolina, except as provided herein.

3. TeleCents stipulates that it is not asking the Commission to make a finding at this time regarding whether competition is in the public interest for rural areas.

4. TeleCents stipulates and agrees that it will not provide any local service, by its own facilities or otherwise, to any customer located in a rural incumbent LEC's service area, unless and

until TeleCents provides such rural incumbent LEC and the Commission with written notice of its intent to do so at least thirty (30) days prior to the date of the intended service. During such notice period, the rural incumbent LEC will have the opportunity to petition the Commission to exercise all rights afforded it under Federal and State law. Also, TeleCents acknowledges that the Commission may suspend the intended date for service in rural LEC territory for ninety (90) days while the Commission conducts any proceeding incident to the Petition or upon the Commission's own Motion, provided that the Commission can further suspend the implementation date upon showing of good cause.

5. TeleCents stipulates and agrees that, if TeleCents gives notice that it intends to serve a customer located in a rural incumbent LEC's service area, and either (a) the Commission receives a Petition from the rural incumbent LEC to exercise its rights under Federal or State law within such 30-day period, or (b) the Commission institutes a proceeding of its own, then TeleCents will not provide service to any customer located within the service area in question without prior and further Commission approval.

6. TeleCents acknowledges that any right which it may have or acquire to serve a rural telephone company service area in South Carolina is subject to the conditions contained herein, and to any future policies, procedures, and guidelines relevant to such proposed service which the Commission may implement, so long as such policies, procedures, and guidelines do not conflict with Federal or State law.

7. The parties stipulate and agree that all rights under Federal and State law are reserved to the rural incumbent LECs and TeleCents, and this Stipulation in no way suspends or adversely affects such rights, including any exemptions, suspensions, or modifications to which they may be entitled.

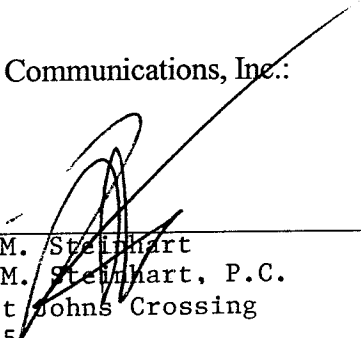


8. TeleCents agrees to abide by all State and Federal laws and to participate, to the extent it may be required to do so by the Commission, in the support of universally available telephone service at affordable rates.

9. TeleCents hereby amends its application and its prefiled testimony in this docket to the extent necessary to conform with this Stipulation.

AGREED AND STIPULATED to this 30<sup>th</sup> day of October,  
2001.

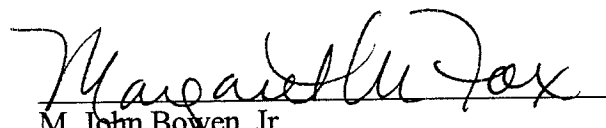
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Attorneys for the South Carolina Telephone  
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## ATTACHMENT A

### South Carolina Telephone Coalition Member Companies for Purposes of Local Service Stipulation

ALLTEL South Carolina, Inc.  
Chesnee Telephone Company  
Chester Telephone Company  
Farmers Telephone Cooperative, Inc.  
Ft. Mill Telephone Company  
Heath Springs Telephone Company Inc.  
Home Telephone Company, Inc.  
Lancaster Telephone Company  
Lockhart Telephone Company  
McClellanville Telephone Company  
Norway Telephone Company  
Palmetto Rural Telephone Cooperative, Inc.  
Piedmont Rural Telephone Cooperative, Inc.  
Pond Branch Telephone Company  
Ridgeway Telephone Company  
Rock Hill Telephone Company  
Sandhill Telephone Cooperative, Inc.  
St. Stephen Telephone Company  
West Carolina Rural Telephone Cooperative, Inc.  
Williston Telephone Company

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA

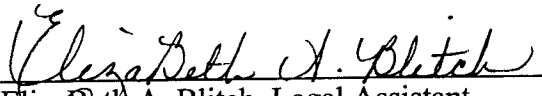
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Inc. for a Certificate of Public Convenience )  
and Necessity to Provide Resold and Facilities- )  
Based Local Exchange Telecommunications )  
Services in the State of South Carolina )  
\_\_\_\_\_ )

**CERTIFICATE OF  
SERVICE**

I, ElizaBeth A. Blitch, do hereby certify that I have this date served one (1) copy of the foregoing Stipulation upon the following party of record by causing said copy to be deposited with the United States Mail, first class postage prepaid to:

Scott Elliott, Esquire  
Elliott & Elliott, P.A.  
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Columbia, SC 29205

  
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October 31, 2001

Columbia, South Carolina